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CALIFORNIA STATE ALLOCATION BOARD  
PUBLIC MEETING

STATE CAPITOL  
ROOM 447  
SACRAMENTO, CALIFORNIA 95814

DATE: MONDAY, NOVEMBER 25, 2013  
TIME: 2:05 P.M.

Reported By: Mary Clark Transcribing  
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APPEARANCES

MEMBERS OF THE BOARD PRESENT:

ERAINA ORTEGA, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Cohen, Director, Department of Finance

ESTEBAN ALMANZA, Chief Deputy Director, Department of General Services, designated representative for Fred Klass, Director, Department of General Services

CESAR DIAZ, Appointee of Edmund G. Brown, Jr., Governor of the State of California

KATHLEEN MOORE, Director, School Facilities Planning Division, California Department of Education, designated representative for Tom Torlakson, Superintendent of Public Instruction

ASSEMBLYMEMBER JOAN BUCHANAN

ASSEMBLYMEMBER CURT HAGMAN

REPRESENTATIVES OF THE STATE ALLOCATION BOARD PRESENT:

LISA SILVERMAN, Executive Officer  
BILL SAVIDGE, Assistant Executive Officer

REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

LISA SILVERMAN, Executive Officer  
JUAN MIRELES, Deputy Executive Officer

REPRESENTATIVE OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE OF LEGAL SERVICES PRESENT:

JONETTE BANZON, Staff Counsel

P R O C E E D I N G S

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CHAIRPERSON ORTEGA: Call the meeting of the State  
Allocation Board to order. If you could take the roll.

5

MS. JONES: Certainly. Senator Hancock.

6

Senator Wyland.

7

Senator Liu.

8

Assemblymember Buchanan.

9

ASSEMBLYMEMBER BUCHANAN: Here.

10

MS. JONES: Assemblymember Hagman.

11

ASSEMBLYMEMBER HAGMAN: Here.

12

MS. JONES: Assemblymember Nazarian.

13

Esteban Almanza.

14

MR. ALMANZA: Here.

15

MS. JONES: Kathleen Moore.

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MS. MOORE: Here.

17

MS. JONES: Cesar Diaz.

18

MR. DIAZ: Here.

19

MS. JONES: Eraina Ortega.

20

CHAIRPERSON ORTEGA: Here.

21

MS. JONES: We have a quorum.

22

CHAIRPERSON ORTEGA: Thank you. The first item on  
the agenda is the **Minutes** for the October 14th meeting.

24

ASSEMBLYMEMBER HAGMAN: Move to approve. I think  
we're doing three sets of Minutes or --

25

1 CHAIRPERSON ORTEGA: Do we have three sets here?

2 ASSEMBLYMEMBER HAGMAN: All three, how's that.

3 CHAIRPERSON ORTEGA: Okay. Sounds good.

4 ASSEMBLYMEMBER BUCHANAN: Second.

5 CHAIRPERSON ORTEGA: Any public comment on the

6 Minutes? No? All in favor.

7 (Ayes)

8 CHAIRPERSON ORTEGA: Item 3 is the **Executive**

9 **Officer's Statement.**

10 MS. SILVERMAN: Yes, we have several items to  
11 report tonight since we had a little break for a while.

12 We wanted to report back to the Board. We did  
13 provide a number of school districts some apportionments in  
14 July and so we awarded nearly \$42 million and 17 projects  
15 were received -- had the ability to come to receive some  
16 funds, but two projects actually didn't make the timeline.  
17 So those projects will -- actually were rescinded and placed  
18 on the bottom of the current unfunded list.

19 Since the current regulations did not impact them,  
20 they had the ability to go back on the bottom of the list.

21 We also wanted to share, in August, there was also  
22 some cash that were awarded as well and -- some residual  
23 cash, nearly \$20 million, and those folks have until  
24 tomorrow to come in with the proper certifications for the  
25 fund release. And again those documents need to be in our

1 house by 5:00 p.m. tomorrow.

2 In October, we did award nearly \$300 million for  
3 112 projects. Again remind those folks that we have until  
4 January 13th, so we won't have another Board until after  
5 that date. And just remind them that they need to come in  
6 with the proper certifications as well.

7 So, so far we have 69 fund releases. Nearly  
8 \$124 million we have released to date. So again money is  
9 moving out and so we've been gotten the proper  
10 certifications from school districts, but again just to  
11 notify those folks that need to come in and execute that  
12 before the middle of January.

13 We do have a current filing round. So if you  
14 have -- for the certification process, again the goal is if  
15 you have a project that's been awarded an unfunded approval  
16 and you are sitting on that unfunded list waiting for cash,  
17 you have the ability to submit a certification within 30  
18 days.

19 That round just opened up November 13th and it  
20 closes December 12th. And again the goal is to reach out to  
21 everybody on the unfunded list to make them aware of the  
22 certification process and the certification will close  
23 December 12th and that would be active from January 1st  
24 through the end of June.

25 So again just be aware of the certification

1 process opening round right now.

2           And just to remind folks that have a priority in  
3 funding process -- the ability, you must participate in this  
4 process. The regulations have been put in effect and if you  
5 have not submitted once, that list was identified at the  
6 last closing of that round in July -- excuse me -- June.

7           And again a reminder that if you already have one  
8 strike and you haven't submitted during that time frame, you  
9 have the ability to submit during the current time frame and  
10 again must do so.

11           So again the goal is to get as many certifications  
12 we possibly can during that time frame. And for those folks  
13 who didn't get awarded funds because we didn't have enough  
14 funds to get down to the bottom of the list, then those  
15 folks -- the strike wouldn't have counted against them.

16           So again if you're on the unfunded list, you must  
17 compete with the certification process.

18           Another update we wanted to share is we did go out  
19 to the Pasadena Green School Summit and we did provide some  
20 updates to some of the local districts out there who were at  
21 the conference, to share with them the ability to  
22 participate in high performance incentive program and also  
23 cover the charter program and the current program -- the  
24 seismic mitigation program and the ability to compete  
25 effective January 1st. Again those program funds are

1 available.

2           Two more updates: Regulations have been placed in  
3 effect. The high performance incentive grant, the Board did  
4 grant the approval of extending that program to the facility  
5 hardship and seismic program.

6           And so if you have those projects and you're ready  
7 to come in the door, January 1st is the effective date in  
8 which you can apply for high performance incentive grant as  
9 part of this program -- project programs.

10           General site development grant has been extended.  
11 That will be in effect January 1st, 2014, and again the  
12 Board's been granting one-year extensions in this area. So  
13 they would have sunsetted January 1, but again we put  
14 extensions early on in place so we could get that  
15 grandfathered in timely.

16           We have several projects on seismic mitigation  
17 program that are part of the Consent Agenda. So we wanted  
18 to keep sharing with the Board the progress we're making in  
19 that area.

20           So four projects have been approved -- will be  
21 approved for nearly \$4 million. And again we also have  
22 tucked in there two conceptual approvals for which they have  
23 a preliminary thumbs up or approval that they will meet some  
24 part of the program certification to -- the requirements and  
25 then they have the ability to go back and work with their

1 community and district and seek out some additional plans --  
2 plan approvals so they can establish what type of project  
3 they're going to be moving forward in the seismic mitigation  
4 program.

5 The last item is -- to share is we have a Program  
6 Review Subcommittee and it will tuck in after this meeting  
7 and if necessary, we'll have a meeting in January, but we're  
8 still working on that date.

9 That's all I have.

10 CHAIRPERSON ORTEGA: Okay. Any questions from the  
11 members?

12 Let's see. Item No. 4 is the **Consent Agenda**. Do  
13 we have any questions from the members?

14 ASSEMBLYMEMBER HAGMAN: I'll move it.

15 ASSEMBLYMEMBER BUCHANAN: Second.

16 CHAIRPERSON ORTEGA: It's been moved and seconded.

17 Are there any comments from the public on the Consent  
18 Agenda? No?

19 All those in favor.

20 (Ayes)

21 CHAIRPERSON ORTEGA: Opposed. Item No. 5, the  
22 **Status of Fund Releases**.

23 MS. SILVERMAN: Yeah. Grab your attention, on  
24 page 146, this is information that we've been sharing on a  
25 monthly basis of disbursements of funds and we just took a

1 snapshot from -- through October 31st. So through  
2 October 31st, we have released nearly \$32 million.

3 And again I did report that we had released close  
4 to \$160 million in the recent priority in funding round. So  
5 again we've been active in releasing the cash in our program  
6 areas.

7 I'm not sure if there are any questions as far as  
8 how much funds have been released. We can move on to the  
9 Status of Funds.

10 CHAIRPERSON ORTEGA: Any questions from the  
11 members? Okay.

12 MS. SILVERMAN: So in **Status of Funds**, which is  
13 your following tab -- and again what's been significant this  
14 month is -- we wanted to share is actually awarding nearly  
15 \$102 million in unfunded approvals as a result of the  
16 Consent Agenda and -- so several of those projects were  
17 actually projects that we moved over from the -- what we  
18 call the true unfunded list.

19 So nearly \$50 million of those projects have been  
20 moved over to the -- actually where they receive bond  
21 authority. And so as we've been getting rescissions and  
22 we've been moving forward, again the goal is to continue to  
23 move those projects from that true unfunded list as we  
24 accumulate nearly \$500 million.

25 So we've been taking projects pretty progressively

1 as we had bond authority freed up. So again nearly  
2 \$50 million have been awarded.

3 So again there could be some additional projects  
4 that don't move forward as a result of the new priority  
5 round and so if those funds become available come January,  
6 those projects will lose their award and then we'll be able  
7 to move additional projects off that list.

8 So just in a snapshot, we have \$102 million in 43  
9 projects that were processed as part of the Consent Agenda.  
10 And that's it.

11 CHAIRPERSON ORTEGA: Any questions? Okay. The  
12 next item is the **options for disbursing remaining Charter**  
13 **School Facility Program funds.**

14 MR. WATANABE: Good afternoon. Michael Watanabe,  
15 Chief of Program Services for OPSC. I am on Tab 7, stamped  
16 page 169.

17 So the purpose of this item is to request the  
18 Board establish a new Charter School Facility Program filing  
19 round to disburse the residual bond authority in the  
20 program.

21 Through the passage of Propositions 47, 55, and  
22 1D, 900 million has been approved by voters for the Charter  
23 School Program.

24 And through project rescissions and projects not  
25 accessing their full preliminary apportionments, bond

1 authority has returned to the program.

2           What we've shown on page 170, with the consent  
3 portions of the agenda, the Board approved five conversions  
4 at this afternoon's Board.

5           We do have one project that will be coming to a  
6 future Board for rescission, but what we expect after that  
7 happens is that approximately 96.4 million will be available  
8 for a new charter school round.

9           In this item, staff is proposing a new filing  
10 round. It is open beginning April 1st, 2014, closing on  
11 May 30th, 2014.

12           That -- those dates have been coordinated with CDE  
13 and the California School Finance Authority to allow time  
14 for their reviews.

15           It will also allow us time to do outreach  
16 workshops, webinars for the charter school communities with  
17 those organizations as well.

18           On page 171, we've kind of outlined how the  
19 timeline would work for processing those applications. We'd  
20 be working in parallel with CSFA for those reviews of those  
21 applications and determining financial soundness, ranking  
22 applications with an estimated approval around  
23 December 2014.

24           With this filing period, staff is also proposing  
25 that we hold those applications for eight months after the

1 Board makes preliminary apportionments. That will allow us  
2 to maintain that list in preference point order so that we  
3 can continue to fund projects down that list rather than  
4 create a new filing round.

5 So with that, I'll take any questions.

6 CHAIRPERSON ORTEGA: I just have a quick  
7 clarifying question. So the staff is recommending that we  
8 have a new filing round here, but we would come back at a  
9 later date to have a discussion about the exact dollar  
10 amount; correct?

11 MR. WATANABE: We could do that.

12 CHAIRPERSON ORTEGA: Any questions.

13 MS. MOORE: So then does that -- well, we received  
14 a letter from Ocean Charter School that had some funding  
15 issues. We can talk about that when the funding comes  
16 forward?

17 MS. SILVERMAN: That's correct.

18 MS. MOORE: Okay.

19 CHAIRPERSON ORTEGA: Any other questions? Motion?

20 MR. WATANABE: Just to clarify, the recommendation  
21 as listed is to use any remaining authority at this time.  
22 So you'd be approving a modified motion to discuss funding  
23 at a future round -- or a future meeting.

24 CHAIRPERSON ORTEGA: Okay. So we need a specific  
25 motion of whoever chooses to make a motion.

1 ASSEMBLYMEMBER HAGMAN: Okay. How about -- I word  
2 this correctly -- authorize that -- I motion to move that  
3 staff prepare a funding round for April 1st with whatever  
4 authority is left at that time to go out for charter  
5 schools.

6 CHAIRPERSON ORTEGA: For an amount to be  
7 determined at a future meeting.

8 ASSEMBLYMEMBER HAGMAN: At a future meeting.  
9 Right. Okay. That's your language.

10 ASSEMBLYMEMBER BUCHANAN: And that's the  
11 recommendation, right, we approve the new application filing  
12 period April 1 to May 30th?

13 CHAIRPERSON ORTEGA: Let me clarify because I want  
14 to make sure that anyone who's paying attention -- we don't  
15 want to specify the --

16 ASSEMBLYMEMBER HAGMAN: We don't know the amount  
17 yet.

18 CHAIRPERSON ORTEGA: We don't know the amount  
19 right now because there are other outstanding requests out  
20 there that might affect the total. So we just want to have  
21 a filing round approved today and not a --

22 ASSEMBLYMEMBER HAGMAN: Yeah. That we're using  
23 the remaining Prop. 47, 55, or 1D bond authority available  
24 at that date.

25 CHAIRPERSON ORTEGA: As determined at a later

1 date; correct.

2 ASSEMBLYMEMBER HAGMAN: As determined at a later  
3 date.

4 CHAIRPERSON ORTEGA: Do we have a second?

5 MR. DIAZ: Second.

6 CHAIRPERSON ORTEGA: Do we need a roll call for  
7 that or --

8 MS. JONES: If you wish.

9 Assemblymember Buchanan.

10 ASSEMBLYMEMBER BUCHANAN: Aye.

11 MS. JONES: Assemblymember Hagman.

12 ASSEMBLYMEMBER HAGMAN: Aye.

13 MS. JONES: Esteban Almanza.

14 MR. ALMANZA: Aye.

15 MS. JONES: Kathleen Moore.

16 MS. MOORE: Aye.

17 MS. JONES: Cesar Diaz.

18 MR. DIAZ: Aye.

19 MS. JONES: Eraina Ortega.

20 CHAIRPERSON ORTEGA: Aye.

21 MS. JONES: Motion carries.

22 CHAIRPERSON ORTEGA: Do we have a second motion on  
23 the issue of the eight months?

24 MR. MIRELES: That will be part of the discussion  
25 that we bring back.

1 CHAIRPERSON ORTEGA: Okay. That sounds good.

2 I'm sorry. You know what, I didn't ask if there  
3 was any public comment on the previous item, so let me make  
4 that offer now. No? Okay. Thanks.

5 Let's see. Item No. 8 is the **legislative update**.

6 MR. MIRELES: This is the informational section of  
7 the agenda. We included this year's annual legislative  
8 update which is basically a summary of the bills that have  
9 been recently chaptered.

10 We also include a very preliminary comment of what  
11 we think that the Board may need to take further action.

12 Again it's informational. It's available for the  
13 Board's review.

14 And then we also have our standard items in terms  
15 of the 90-day calendar, the appeals workload, and the other  
16 workloads in the informational section.

17 So with that, I'd be happy to answer any  
18 questions.

19 CHAIRPERSON ORTEGA: Any questions?

20 ASSEMBLYMEMBER HAGMAN: Madam Chair, I have a bill  
21 that chaptered in this year, 8308, and it got changed a  
22 little bit through the process like many bills do here in  
23 the legislative cycle. And I think -- I would love for the  
24 Chair to maybe have the staff come back with a report what  
25 tweaks they have.

1           I had a couple school districts go up and tell me  
2 they are concerned there may be conflict with the -- and the  
3 legislative intent was if we're going to spend State dollars  
4 on an asset and that asset gets sold within a decade or ten  
5 years, that the State should receive its portion back.  
6 Originally, it's to receive its percentage back, but it  
7 needs its portion back.

8           I want to make sure that -- maybe the staff has  
9 more, take a look at it. If there are changes, maybe we can  
10 do that as regulations and that way -- if we do that, we  
11 do -- legislation if it needs to be done at all.

12           ASSEMBLYMEMBER BUCHANAN: Maybe at the same time,  
13 you could have your staff send a letter to the Leg. Counsel  
14 asking them to clarify any of those questions so we know  
15 which takes -- yeah.

16           MR. DIAZ: Right.

17           CHAIRPERSON ORTEGA: Yeah. I agree. I think the  
18 Legislative Counsel information would be helpful and then we  
19 can ask the staff to bring back a recommendation on what a  
20 program consistent with the bill that's been chaptered would  
21 look like.

22           ASSEMBLYMEMBER HAGMAN: Great. Thank you, Madam  
23 Chair.

24           CHAIRPERSON ORTEGA: Um-hmm. Yes.

25           MR. DIAZ: Regarding SB584, Wyland, deals with in

1 consultation with the SAB to develop sort of the guidelines.  
2 How do you envision that? And then it says that you're  
3 looking at possible program impact. Is there other things  
4 that the Board may vote on or --

5 MR. MIRELES: We don't know. That's going to be  
6 largely dependent on the controller. The controller's  
7 office is the one that's going to be working in consultation  
8 with the SAB as well as the other agencies. We don't expect  
9 there to be impact to the programs, but again it's going to  
10 be up to the controller to determine the extent of the SAB  
11 involvement.

12 MR. DIAZ: Okay. The controller will get to  
13 dictate -- sort of give us the guidelines for sort of like  
14 rubber-stamped approval?

15 MR. MIRELES: What information they may need for  
16 them to be able to provide their recommendations to the  
17 Education Audits Appeals Panel.

18 ASSEMBLYMEMBER BUCHANAN: Maybe I can add to that  
19 a little bit. School districts if you're doing a normal  
20 financial audit, you have to -- there are guidelines for  
21 what has to be part of that financial audit, and they have  
22 to have an auditor who's been approved to do school audit --  
23 who's approved by the controller to do school audits.

24 So you know you have someone who's competent in  
25 performing the audit and you also know what the contents of

1 that audit is.

2           So when you get into Prop. 39, there are two  
3 requirements. One is a financial audit of your Prop. 39  
4 funds which for -- most districts are probably already doing  
5 that as part of their normal school district audit.

6           And so there are -- have been guidelines for  
7 financial audits but not specific guidelines to your  
8 Prop. 39 program.

9           And then the second requirement is that districts  
10 do a performance audit and there's never been an audit  
11 manual or a definition of what a performance audit is.

12           So Prop. 39's been around for over a decade and  
13 what happened when it first came out for bond oversight  
14 committees and they knew they had to do this was some of  
15 your major auditing firms -- school audit firms got together  
16 to sort of define what a performance audit is.

17           And for the most part -- you know, when I was  
18 involved in our Prop. 39 committee, they were really saying  
19 the funds has been put -- spent on the objects of the bond.  
20 Okay. But there's been no definition.

21           So what -- the way I see the Wyland bill, you  
22 know, as it came through our committee, is that they're  
23 asking for the first time the controller convene a group of  
24 which the State Allocation Board or OPSC will be part of  
25 that to actually define what a performance audit is so it

1 will be consistent across all districts in the State and  
2 will give clear guidelines to the auditors in terms of what  
3 the content of the performance audit report has to include.

4           So I'm not -- you know, we'll find out to what  
5 extent it creates more work or less work, but we will have  
6 that consistency throughout the State.

7           MR. DIAZ: Okay. Thank you. That actually is  
8 good for me as well to have more input into that process.

9           ASSEMBLYMEMBER BUCHANAN: Yeah.

10           MR. DIAZ: And I have another follow-up question.  
11 AB1565, the prequalification bill, was there any type of  
12 regulation or anything developed by OPSC on that?

13           MR. MIRELES: There hasn't been --

14           MR. DIAZ: Okay.

15           MR. MIRELES: -- at this point.

16           MR. DIAZ: Is there -- does there exist a need to  
17 do that with DIR? I know DIR's been having conversations  
18 with OPSC.

19           MR. MIRELES: I think our preliminary review was  
20 that we didn't have to. There are certain certifications  
21 that districts have to make as part of submitting a funding  
22 application that covers all applicable laws for school  
23 construction, which would now also include the new  
24 requirements for that bill.

25           MR. DIAZ: Okay. Thank you.

1           CHAIRPERSON ORTEGA: Okay. Anything else on the  
2 legislative report?

3           Okay. The next issue is the three-month workload.

4           MS. SILVERMAN: Any questions on the three-month  
5 workload? And one other item I wanted to point out. We do  
6 have the appeals log.

7           There was a couple of appeals that were requested  
8 to be held over and so those items will be brought back in  
9 January.

10           And we also wanted to introduce the number of  
11 topics for meetings that we've had at the Program Review  
12 Subcommittee. We also did launch a website to summarize all  
13 those meetings as well.

14           And another item, just the last note, is the --  
15 this is the last meeting of the year, and so we are also  
16 introducing the calendar dates for January 2014. And so we  
17 will consistently hold out for those monthly dates, but it  
18 would obviously dictate depending on whether or not we have  
19 the workload needs.

20           It would be through the Chair and the Vice Chair  
21 on whether or not we actually have those affirmative dates  
22 in play.

23           CHAIRPERSON ORTEGA: Okay.

24           MS. SILVERMAN: So any questions?

25           CHAIRPERSON ORTEGA: Any questions? Any general

1 comments from the public? Anything else to come before the  
2 committee?

3 If not, we are adjourned. Thank you.

4 (Whereupon, at 2:25 p.m. the proceedings were  
5 adjourned.)

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REPORTER'S CERTIFICATE

STATE OF CALIFORNIA            )  
                                          )  ss.  
COUNTY OF SACRAMENTO        )

I, Mary C. Clark, a Certified Electronic Court Reporter and Transcriber, Certified by the American Association of Electronic Reporters and Transcribers, Inc. (AAERT, Inc.), do hereby certify:

That the proceedings herein of the California State Allocation Board, Public Meeting, were duly reported and transcribed by me;

That the foregoing transcript is a true record of the proceedings as recorded;

That I am a disinterested person to said action.

IN WITNESS WHEREOF, I have subscribed my name on December 3, 2013.

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Mary C. Clark  
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